



OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

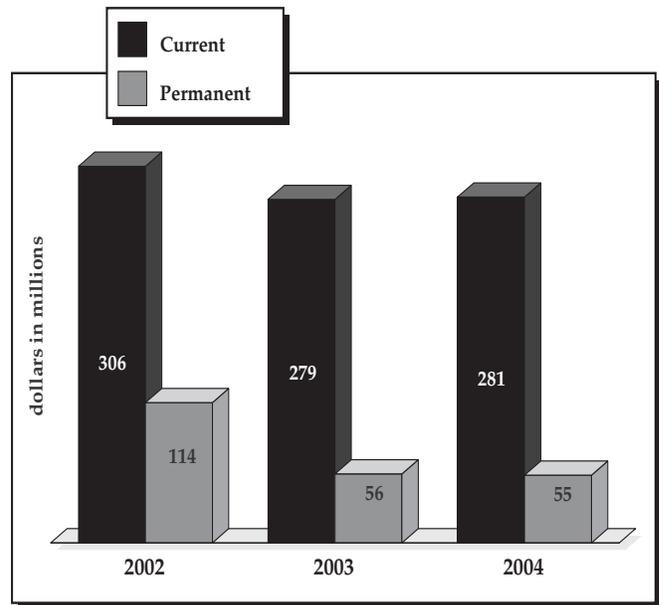
Mission – The Office of Surface Mining Reclamation and Enforcement was established in 1977 to carry out the requirements of the Surface Mining Control and Reclamation Act in cooperation with States and Indian Tribes. The primary objectives of OSM are to ensure that coal mining activities are conducted in a manner that protects citizens and the environment during mining, ensure that the land is restored to beneficial use following mining, and mitigate the effects of past mining by aggressively pursuing reclamation of abandoned coal mines.

Program Overview – The OSM carries out its mandates by providing grants to primacy States and Tribes to carry out their own regulatory and reclamation programs consistent with OSM standards. It also administers regulatory and reclamation programs on Federal and tribal lands and in non-primacy States. The OSM works closely with States and Tribes to implement its results-oriented regulatory oversight system and provides technical information and tools to help States and tribal partners to develop sufficient knowledge, expertise, and capability to meet their responsibilities under SMCRA.

In the last few years, OSM has focused on innovative approaches to implementing SMCRA. The OSM has shifted its approach to State programs from direct oversight and review to measuring on-the-ground results. To maximize reclamation from available funding, OSM has implemented creative approaches and incentives to encourage reclamation of abandoned mine sites. Efforts to address acid mine drainage in the Appalachian coal region, encourage remining, and enhance abandoned mine lands reclamation have been successful in enabling OSM to leverage and stretch its resources to reclaim lands and waters that otherwise might never be restored. The reclamation projects funded in 2004 will increase the number of health and safety hazards restored or mitigated. Continued Clean Streams grant funding will allow OSM to transfer responsibility to States and Tribes for restoration and improvement of water quality of streams affected by acid mine drainage.

Management Excellence – The OSM continues to follow the President's management agenda for improving man-

OSM Funding



agement and performance of the Federal government, practicing the Secretary's vision for citizen-centered management excellence. The OSM programs have worked extensively to step down from the goals in the Department's new unified strategic plan. The OSM has developed an activity-based cost management system for 2003 that allows managers to more specifically identify costs of outputs; is continuing its study of 25 FTEs in the information technology area to determine whether conversion to contract is the best strategy for achieving the best value; and is continuing its workforce analysis to determine the human capital competencies required to achieve performance improvements. The budget proposal supports the Department's new strategic plan goal for serving communities by protecting the lives and property of the citizens living in proximity to the coal fields. It also protects our Nation's resources by improving the health of its watersheds and landscapes that are affected by current and past mining practices.

The Abandoned Mine Land Reclamation grants program

was assessed during formulation of the 2004 budget using the Administration's Program Assessment Rating Tool. This process generated extensive information on program effectiveness and accountability including the need for additional performance measures.

Budget Overview – The 2004 request for OSM is \$281.2 million, a net increase of \$1.8 million above the 2003 President's budget.

Regulation and Technology – The goal of this program is to implement Title V of SMCRA by providing oversight and technical support for the regulation of active mining. Total funding requested for the regulatory program is \$106.7 million, an increase of \$1.3 million from the amount requested in 2003.

Twenty-four States have approved permanent regulatory programs for the regulation of coal mining activities. These primacy States receive Federal matching grants to fund 50 percent of their administration of State regulatory programs under SMCRA. State regulatory grants will be funded at \$57.6 million in 2004, the same level as the 2003 request. This funding will allow the States and Tribes to free 94 percent of mine sites from offsite impacts and release 100,000 acres from phase one and two performance bonds.

Abandoned Mine Lands Fund – In 2004, OSM will continue its commitment to environmental restoration while protecting the public by reclaiming lands disturbed by pre-SMCRA mining but not yet reclaimed. The 2004 request of \$174.5 million is an increase of \$434,000 above the 2003 request level. The funding will support OSM's abandoned mine land reclamation activities, which include State and tribal reclamation grants and high-priority Federal reclamation efforts.

State reclamation grants will be funded at \$142.1 million. States and Tribes use these grant funds to address degraded land and water resources as a result of past mining operations. These funds are provided to the States and Tribes through a formula that considers the amount of reclamation fees collected in each State or Tribe and the amount of pre-SMCRA coal production that occurred in each State or Tribe. This funding level will result in the reclamation of 6,900 acres of disturbed land and other hazards that threaten human health and welfare and environmental quality.

The 2004 request does not include a request for new budget authority for the AML Federal emergency pro-

gram. Due to the nature of emergency projects, the amount of emergency work is variable year-to-year. Since 1995, a succession of favorable weather years has resulted in smaller expenditures for emergency projects and a buildup of carryover balances. The Department anticipates that carryover balances will continue to be sufficient to meet anticipated program needs in 2004.

The proposed budget continues funding for the successful Clean Streams program at \$10.0 million to empower partners in affected communities to address important local acid mine drainage pollution. Acid mine drainage from abandoned coal mines continues to be a major source of water pollution nationwide. In Appalachia acid mine drainage is the leading cause of aquatic habitat destruction impacting many native species, such as brook trout. The Clean Streams initiative has been particularly effective in fostering community partnerships and maximizing efficiency in the use of local resources in restoring water resources damaged by acid mine drainage.

Coal Fee Reauthorization – Section 402(a) of SMCRA establishes a per tonnage fee for mined coal. These fees are placed in the Abandoned Mine Reclamation Fund, and are used to finance reclamation of abandoned mine lands in the United States. Interest accrues on the unused portion of the collected fees and becomes part of the fund to be used for reclamation. Furthermore, a portion of the interest is transferred to the United Mine Workers of America Combined Benefit Fund in order to help finance health benefits. The authority to collect the mine reclamation fee expires on September 30, 2004. The Administration plans to propose an extension to the fee collection authority. Additionally, OSM will explore options for amending SMCRA to allow more receipts to be targeted to abandoned mine reclamation, increasing the pace of the overall reclamation program.

Administrative Initiatives and Uncontrollable Costs – The budget provides \$1.6 million to cover a portion of the 2004 uncontrollable costs and a program increase of \$575,000 to address information technology security requirements. The Department is undertaking significant IT reforms to improve the management of IT investments, to improve the security of systems and information, and to realize short- and long-term efficiencies and savings. The Department's corporate approach includes consolidated purchases of hardware and software; consolidation of support functions including help desks, e-mail support, and web services; and coordination of training. The OSM budget includes a reduction of \$410,000 for IT systems streamlining.

SUMMARY OF BUREAU APPROPRIATIONS
(all dollar amounts in thousands)

Comparison of 2004 Request with 2003 President's Budget:

	2003 Budget		2004 Request		Change from 2003	
	FTE	Amount	FTE	Amount	FTE	Amount
Appropriations						
Regulation and Technology	410	105,367	410	106,699	0	+1,332
Abandoned Mine Reclamation Fund	220	174,035	220	174,469	0	+434
Subtotal, Appropriations	630	279,402	630	281,168	0	+1,766
Permanents and Trusts						
Abandoned Mine Reclamation Fund Transfer	0	56,079	0	55,000	0	-1,079
Subtotal, Permanents and Trusts	0	56,079	0	55,000	0	-1,079
TOTAL, OFFICE OF SURFACE MINING	630	335,481	630	336,168	0	+687

HIGHLIGHTS OF BUDGET CHANGES
By Appropriation Activity/Subactivity

APPROPRIATION: Regulation and Technology

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Request</u>	<u>Change from 2003 Budget</u>
Environmental Restoration	191	437	438	+1
Environmental Protection	77,730	79,159	79,463	+304
Technology Development & Transfer ...	12,151	12,593	12,749	+156
Financial Management	477	485	491	+6
Executive Direction & Administration ...	12,244	12,693	13,558	+865
TOTAL APPROPRIATION	102,793	105,367	106,699	+1,332

Highlights of Budget Changes

Uncontrollable Costs	<u>Amount</u> [+2,062]
Environmental Restoration	+1
A \$1 decrease reflects savings resulting from information services streamlining. Uncontrollable costs total \$4, of which \$2 are budgeted and \$2 are absorbed.	
Environmental Protection	+304
A \$145 decrease reflects savings resulting from information services streamlining. Uncontrollable costs total \$901, of which \$449 are budgeted and \$452 are absorbed.	
Technology Development and Transfer	+156
A \$76 decrease reflects savings resulting from information services streamlining. Uncontrollable costs total \$466, of which \$232 are budgeted and \$234 are absorbed.	
Financial Management	+6
A \$3 decrease reflects savings resulting from information services streamlining. Uncontrollable costs total \$18, of which \$9 are budgeted and \$9 are absorbed.	

Amount
+865

Executive Direction and Administration
 An increase of \$374 is proposed to address information technology security needs. A \$44 decrease reflects savings resulting from information services streamlining. Uncontrollable costs total \$672, of which \$535 are budgeted and \$137 are absorbed.

APPROPRIATION: Abandoned Mine Reclamation Fund

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Request</u>	<u>Change from 2003 Budget</u>
Environmental Restoration	186,697	156,987	157,137	+150
Environmental Protection	0	0	0	0
Technology Development & Transfer ...	4,118	4,164	4,184	+20
Financial Management	6,070	6,179	6,260	+81
Executive Direction & Administration ...	6,552	6,705	6,888	+183
TOTAL APPROPRIATION	203,437	174,035	174,469	+434

Highlights of Budget Changes

	<u>Amount</u>
Uncontrollable Costs	[+817]
Environmental Restoration	+150
A \$71 decrease reflects savings resulting from information services streamlining. Uncontrollable costs total \$444, of which \$221 are budgeted and \$224 are absorbed.	
Technology Development and Transfer	+20
A \$11 decrease reflects savings resulting from information services streamlining. Uncontrollable costs total \$63, of which \$31 are budgeted and \$32 are absorbed.	
Financial Management	+81
A \$35 decrease reflects savings resulting from information services streamlining. Uncontrollable costs total \$233, of which \$116 are budgeted and \$117 are absorbed.	
Executive Direction and Administration	+183
An increase of \$201 is proposed to address information technology security needs. A \$24 decrease reflects savings resulting from information services streamlining. Uncontrollable costs net to a total of \$76, of which \$6 are budgeted and \$70 are absorbed.	